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U.S. Considers Alternatives For Aid to Nicaragua Rebels

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WASHINGTON, Jan. 25 — The Reagan Administration has begun talks with key members of Congress on whether to continue trying to support the anti-Government rebels in Nicaragua with covert aid or whether to try different approaches, State Department officials said today.

The officials said that given the clear opposition in Congress to money to support secret operations through the Central Intelligence Agency, senior Administration officials were telling legislators that the Administration was willing to discuss alternatives.

The State Department officials said an intense review was taking place within the Administration on the options. These include forcing a confrontation with critics in Congress over further covert aid, going "public" with open financing through the regular foreign affairs committees, or using other countries — or individuals — to serve as the conduits to the rebels.

But a senior State Department official said he did not expect a decision to emerge from the review for several months. He said the rebels had enough money, secured mostly from private American benefactors, to allow them to carry on their operations into the spring. There have also been reports that other nations are sending arms to the rebels.

Schultz Talks With Lugar

Secretary of State George P. Shultz discussed the alternatives at a breakfast meeting on Thursday with Senator Richard G. Lugar, Republican of Indiana, the new chairman of the Foreign Relations Committee.

William J. Casey, the Director of Central Intelligence, is due to talk next week with Representative Lee H. Hamilton, Democrat of Indiana, the new chairman of the House Intelligence Committee. Talks with other members of Congress are also taking place.

The officials stressed that many in the Administration felt it was important to step up pressure on the Nicaraguan Government through several methods short of direct American military involvement.

The officials said they viewed support of the rebels as vital to persuade Nicaragua's Sandinista Government to cease backing leftist guerrillas in El Salvador and to agree to a plan being negotiated by other Central and South

American countries to limit outside military involvement in the region.

President Reagan, in a speech on Thursday, defended American aid to the rebels. He said Nicaragua was using "armed subversion" against its neighbors and argued that support for the rebel "freedom fighters is essentially acting in self-defense and is certainly consistent with the United Nations and Organization of American States Charter provisions for individual and collective security."

Today, Vice President Bush, in a speech, said, "The world is starting to understand that the Sandinistas have betrayed their own revolution, and that those called the contras are the true champions of freedom and democracy."

"We must not abandon the contras now," he said, using the Spanish slang word for the rebels.

Last year, Congress voted \$14 million for covert aid to the rebels, but said it would hold the money until Mr. Reagan made a report asking Congress to release the funds. Congress then approved the report by a majority vote.

Senator Wants New Approach

Senator Dave Durenberger, Republican of Minnesota, the new chairman of the Senate Select Committee on Intelligence, said today in an interview that he favored aiding the rebels but that he was opposed to continuing the covert program, managed by the intelligence agency. He said it was crucial for the Administration to come up with a different approach.

The Senator was strongly critical of the way Mr. Casey had managed the covert operation, saying, "It is easy to support democratic revolution openly without handing the money to Bill Casey and have it end up as a manual floating down into the jungle in a balloon or a mine going off in the harbor."

Mr. Lugar, who shares Mr. Durenberger's desire to keep pressure on the Sandinistas, said continued covert financing was not "viable" because it could no longer be kept secret. He said he was wary of open financing because it might appear to be a "declaration of war" against the Nicaraguan Government, something he said he believed the American public did not support.

Mr. Shultz did not tell Mr. Lugar what course he advocated, an aide said. According to the aide, Mr. Shultz said the Administration was consulting with several members of Congress to see what they would be willing to accept if they rejected the covert program.

Nicaragua Denies Arms Deal

WASHINGTON, Jan. 25 (UPI) — Nicaragua's Ambassador denied suggestions today that his Government was talking to Iran about buying weapons.

A White House spokesman, Robert Sims, said earlier today that Iran was providing oil and helping finance a military buildup in Nicaragua and that the visit to Managua by Iran's Prime Minister, Mir Hussein Mousavi, injected "a new element" into fears of Communist expansion in Central America.

The Nicaraguan Ambassador, Carlos Tunnerman Bernheim, said in an interview that his country had expanded trade with Iran because the United States had cut its sugar purchases from Nicaragua.

Mr. Tunnerman said charges his country would buy arms from or through Iran were "false" and "unfounded."

"But," he added, "does or does not Nicaragua have a right to buy arms from anyone it wants? If we need to buy arms from Iran, we will buy them."